
STATUTORY INSTRUMENTS

2017 No. 1212

The Risk Transformation Regulations 2017

PART 4

Protected Cell Companies

CHAPTER 9

Shares and shareholders

SECTION 1

Shares

Types of shares

91.—(1) A protected cell company may issue voting shares on behalf of the core of the protected cell company.

(2) A protected cell company may issue non-voting shares on behalf of a part of the protected cell company.

(3) A protected cell company may issue more than one class of shares on behalf of a part of the protected cell company.

(4) A protected cell company may not issue shares other than in the ways described in paragraphs (1) to (3).

Nature of shares

92.—(1) Only a share issued on behalf of the core of a protected cell company is to be treated as a share in the protected cell company.

(2) A share issued on behalf of a cell of a protected cell company is to be treated as a share in that cell.

(3) A share is personal property (or, in Scotland, moveable property) and is not in the nature of real estate (or heritage).

Rights attaching to shares

93.—(1) The rights which attach to voting shares or a class of voting shares issued on behalf of the core are—

- (a) the right, in accordance with the instrument of incorporation, to participate in or receive profits or income which are payable by the protected cell company on behalf of the core;
- (b) the right, in accordance with the instrument of incorporation, to vote on a written resolution of shareholders (or shareholders of that class) or at any general meeting (or any relevant class meeting); and

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- (c) such other rights as may be provided for, in relation to voting shares (or voting shares of that class), in the protected cell company's instrument of incorporation.
- (2) The rights which attach to a non-voting share or a class of non-voting shares issued on behalf of a part of the protected cell company are—
 - (a) the right, in accordance with the instrument of incorporation, to participate in or receive profits or income which are payable by the protected cell company on behalf of that part; and
 - (b) such other rights as may be provided for, in relation to non-voting shares (or non-voting shares of that class), in the protected cell company's instrument of incorporation.
- (3) A share issued on behalf of a part of a protected cell company may not confer any rights in relation to another part of the protected cell company or the property held by the protected cell company on behalf of that other part.

Changes to rights attaching to shares

94. A right attaching to a share may only be varied with the consent of the person holding the share.

Amendments to the instrument of incorporation

- 95.**—(1) A protected cell company may only amend its instrument of incorporation if the proposed amendment is approved—
- (a) by written resolution of the persons holding voting shares issued on behalf of the core of the protected cell company; or
 - (b) by a resolution passed in a general meeting by a simple majority of the total voting rights of those shareholders who are entitled to vote on the resolution at the meeting.
- (2) But paragraph (1) does not prevent the protected cell company's instrument of incorporation requiring a higher majority or unanimity.

Prohibition on bearer shares

- 96.**—(1) A protected cell company may not issue a bearer share.
- (2) A bearer share is a share evidenced by a share certificate, or by any other documentary evidence of title for which provision is made in the protected cell company's instrument of incorporation, which indicates—
- (a) that the holder of the document is entitled to the shares specified in it; and
 - (b) that no entry will be made on the register of shareholders identifying the holder of those shares.

Compensation

97. A person is not debarred from obtaining damages or other compensation from a protected cell company by reason only of holding or having held shares issued on behalf of a part of the protected cell company.

Restraint and ratification by shareholders

98.—(1) A person holding voting shares issued on behalf of the core of a protected cell company may bring proceedings to restrain the protected cell company from doing an act which would, but for regulation 81(1), be beyond the protected cell company's capacity.

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(2) But no proceedings may be brought under paragraph (1) in respect of an act to be done in fulfilment of a legal obligation arising from a previous act of the protected cell company.

(3) The following action by the directors of a protected cell company may only be ratified by a resolution of persons holding voting shares issued on behalf of the core of the protected cell company—

- (a) action which would, but for regulation 81(1), be beyond the protected cell company's capacity;
- (b) action which is within the protected cell company's capacity but is beyond the powers of the directors to bind the protected cell company or authorise others to do so.

(4) A resolution ratifying such action does not affect any liability incurred by the directors or any other person, and relief from any such liability requires agreement by a separate resolution of the persons holding voting shares issued on behalf of the core of the protected cell company.

Contravention of regulation 91(4) or 93(3)

99.—(1) A provision, whether contained in the instrument of incorporation, a contract or otherwise, is void to the extent that it is inconsistent with regulation 91(4) or 93(3).

(2) An application of assets, or agreement to apply assets, in contravention of regulation 93(3) is void.

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Changes and effects yet to be applied to :

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)